

## BUDGET OVERVIEW

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The following is a general overview of the Proposed FY 2006 Budget for the District of Columbia Public Schools. A considerable amount of time has been invested in crafting a defensible budget that takes into account the true costs of operating the DCPS educational enterprise. Meetings have been held with both the Mayor and the Chief Financial Officer to obtain a greater understanding of the District's commitment so that a budget that is feasible and based on realistic expectations for financial resources may be proposed. For this reason, a more realistic budget has been crafted that incorporates broader use of both internal and external funds. DCPS has identified a number of programs and operational redundancies that will be discontinued and whose funds will be redirected to support the proposed initiatives. These include:

- **Central Office Consolidation (\$.2M)** – While central offices in DCPS have been dramatically reduced in recent years, opportunities to eliminate redundancies in our organizational structure are still being reviewed. Central office restructuring efforts currently in place will result in savings up to \$200K that can be redirected towards additional instructional support.
- **Reduction in Outside Legal Fees (\$.7M)** – Funds used to provide outside legal counsel will be redirected to support instructional allocations.
- **Special Education Efficiencies (\$5.4M)** – The Office of Special Education currently spends nearly \$7 million annually to pay private companies to provide related services and testing for special education students and to conduct evaluations of students suspected of having special needs. OSE purchases these services because it does not employ enough providers to complete the work. Through a combination of recruitment efforts – bonuses, professional development opportunities and improved human resources coordination – OSE intends to hire staff and decrease its reliance on private providers. Such efforts should result in net savings of \$2 million, accounting for recruitment and training costs, bonuses or stipends and other inducements. In addition to cost savings, such a move will create greater accountability for the provision of timely and quality service. In addition, efforts will be made to increase special education compliance with court orders so that the funds used to support legal fees for parents can be reinvested in other areas.
- **Revenue Maximization (\$13M)** – The school system will increase its efforts to maximize grant sources to relieve local budget pressures. A significant component of the educational initiatives that DCPS plans to initiate will be largely supported by grant funding.

The FY 2006 Budget Proposal includes several educational investments that are needed to support the Superintendent's prescribed 12 levers for success. These educational strategies are currently unfunded and require substantial stakeholder support. The initiatives are based on a multi-year strategy and are presented in detail in the next section. Highlights of these proposals include:

- **Effective Schools Initiative (\$8.5M)** – A more aggressive model will be implemented to build on some of the modest improvements that have occurred under the current

transformation model. I am seeking additional Federal funds to support a newly-designed program that is consistent with NCLB standards.

- **Parent Resource Centers (\$5M)** — A growing body of research indicates that families can assist in improving their children's academic performance. The inclusion of parental and community partnerships within an educational framework is an important strategy in reaching success towards progressive educational outcomes. Recognizing this, the FY06 budget request includes \$3M to support the establishment of locally-based Parent Resource Centers to create a culture of partnership in the district among schools, families and community members that supports high standards and quality educational outcomes for all students.
- **Raising Graduation Requirements (\$2.8M)** — Setting challenging standards and high expectations for all children is the principal means of advancing student achievement. Every child in this school system is valued. The proposed budget includes raising high school graduation requirements from 23.5 credit hours to 27.5 in support of the new standards.
- **Summer Orientation for High School Students (\$3.2M)** — The budget proposal suggests the creation of a four week summer institute for 8<sup>th</sup> and 9<sup>th</sup> grade students who are entering high school. The program will be designed to prepare students for more rigorous high school standards.

The proposed FY 2006 budget also addresses some of the major infrastructure and technological needs that have been severely under funded and which have had enormous programmatic implications for a District of this size. DCPS does not have a progressive IT landscape that will support the complexity of its organization. It hampers the ability to produce reliable and accurate information to the public which, in turn, tarnishes the school system's reputation. In addition, we have a looming facility problem that needs considerable and immediate attention. The budget proposes an increase of \$2.6M and \$4.6M respectively for these areas.

Historically, DCPS has been under funded for state-level costs and has had to use local allocations to support state needs. In light of this reality, there is a substantial increase in the request for state-level functions. Most notable is funding for non-public tuition. In FY 2003 and FY 2004, DCPS received tobacco revenues to offset non-public tuition costs as part of a comprehensive cost containment program. This year, the school system is seeking \$11M in additional funds to offset the revenue loss of tobacco funds so that the program may be maintained. The alternative would be to cut other local school programs which would be clearly detrimental to students.

Additional funding is also needed to satisfy anticipated collective bargaining settlements. Local schools cannot afford to absorb additional labor costs within their direct allocation. As a result, additional local funding from the City is being sought to cover this need.

This proposed budget represents a progressive change for the school system. However, successful implementation of this change necessitates increased coordination and collaboration with all stakeholders citywide. Such a collaborative effort will require the active and ongoing involvement and support of those who value and provide for the education of children in the nation's capital.

## UNFUNDED EDUCATIONAL INVESTMENTS

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The following section presents the major educational investments that are needed to support the Superintendent's prescribed 12 levers for success. These educational strategies are currently unfunded and require substantial stakeholder support. It is anticipated that DCPS will be able to use the \$13M in federal payment monies it received in both FY 2004 & FY 2005 to offset some of the projected costs. An aggressive lobbying strategy will be employed to maintain the continuity of these funds into FY 2006. However, a District wide commitment amongst all stakeholders is needed to harness all City resources in support of these educational initiatives in addition to funding anticipated collective bargaining needs.

## MOVING TOWARDS A HIGH ACHIEVING EDUCATIONAL AND INSTRUCTIONAL SYSTEM

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*Restoring Excellence to the District of Columbia Public Schools*, the December 2003 Report of the Strategic Support Team of the Council of Great City Schools [CGCS] traced the roots of the chronic and growing crisis of DC public schools primarily to a systemic failure of leadership, particularly in the area of curriculum and instruction.

As a district, the report concluded, DCPS has "abdicated its leadership responsibility for student achievement" to the individual schools and principals. "The District has lost its instructional focus; its efforts have become fractured and incoherent. The result is what one sees today: no plan for improving student performance, low expectations for children, no accountability for results, haphazard instruction, incoherent programming, and dismal outcomes."

The key to raising student achievement to the levels demanded by the 21st century economy, to rebuilding the confidence of students, parents, and community leaders, to reenergizing public education as an engine of economic development, to reforming our high schools and renewing career-technical education and restoring excellence to the DC Public Schools -- *is to retake the leadership of curriculum development, staff development, and the process of instruction*, as the report said.

The **first step** toward solving the profound crisis of public education in the nation's capital must be the adoption of tested, proven, world-class standards of learning. The school system has been adrift for far too long. From the standpoint of curriculum and instruction, it has barely been functioning as a system at all--merely as a collection of schools.

To regain direction and momentum, consensus must be reached on essential abilities, knowledge, and skills, i.e. *what DCPS students truly must know and be able to do*, to pass through the gateways to success in postsecondary education and 21st century careers.

Literacy is the first and highest priority for DCPS. The information age and the knowledge-based economy are no longer mere clichés. They are defining realities of everyday life. The ability to read well and communicate effectively has become the essential prerequisite to entry and success at virtually every level of the labor market. If DCPS fails to ensure that all its students can read and write at world-standard levels, those students are destined for a life at the economic margins.

For far too long, literacy instruction and the Language Arts curriculum has been adrift in DCPS. Key leadership positions were left vacant. Principals have been simply allowed to exercise an autonomy that has proved counterproductive. As the Council of Great City Schools report noted, one program was piled on top of another. Despite many reform efforts on paper, there was no clear direction or proven achievable goals.

Numeracy is our second highest priority: to provide students with mathematical knowledge, skills, and problem-solving techniques. What has been said regarding literacy, and the key role it plays in a modern, global economy, applies with comparable force to numeracy. Elementary computing and calculating are often done for us through increasingly sophisticated technological means. But the ability to understand mathematical concepts and apply mathematical techniques to problem-solving is fast becoming a key to the door of almost every high-wage, high-skills career the American economy has to offer. It is no accident that successful completion of Algebra II has become a universal gatekeeper of successful entry into postsecondary education.

Because of the compelling nature of the situation in DCPS, creating standards unique to the school system is not a present option. Instead, the prudent course is the adoption of the very best state-established standards already in place and measurably proven to be successful. For this knowledge and skills, focus will be placed on overall study skills, time management, identification of support groups and systems, and the development of an Individualized Academic Progress Plan. The Summer Bridge Program will also minimize time lost on student assessments and orientation activities at the beginning of the school year, and ideally will help students become better positioned for more rigorous curricula.

The selection of the Massachusetts standards was the outcome of a collaborative process, during which parents, parent-teacher association members, teachers, principals, members of the business and corporate communities, union representatives and stakeholders discussed benchmarks for learning and teaching. The Massachusetts standards will be slightly refined and adjusted to meet unique DCPS needs. This process will be repeated for the remaining content areas: Science, Social Studies, World Languages, Art, Music and Physical Education/Health.

The **second step** in the comprehensive turnaround of DC Public Schools will be the establishment of an accountability system keyed directly to the new standards. To build a high achieving educational system, a valid and reliable process for measuring both student achievement and teacher performance must be employed. Real-life, real-time data on student success and failures, on strengths and weaknesses, must become the engine for instruction.

DCPS must commit to realistic, measurable, and rigorous performance goals and objectives, calibrated to ensure that all students may rise to meet world-standard levels of achievement. The school system

must also adopt performance-based assessments that can authentically measure students' mastery of those standards — not only end-of-the-year assessments but also frequent diagnostic assessments, to monitor and evaluate student and teacher success over the course of the school year. In this way, problems can be solved and deficiencies remedied as soon as they arise.

The ***third step*** in the creation of a comprehensive, integrated, high achieving system will be the selection of a new core curriculum, for each content area, keyed directly to the new assessments. In addition, DCPS needs successful, research-based, nationally validated instructional strategies that are aligned with the curricula, and adaptable and scalable to meet the needs of different sizes and types of schools and different student populations. For far too long, the instructional programs have been adrift in DCPS. This proposed budget represents a strategy to restore focus by determining and defining the services that encompass our instructional system.

This instructional system will include three distinct categories of services to students: core, intervention and supplemental.

*Core services* represent a comprehensive, integrated core curriculum for each content area keyed directly to the new standards DCPS expects all students to master.

*Intervention services* represent an essential safety net for students who are at risk of not achieving success. They provide students, parents, and staff the critical support and backup they need. Care must be taken by DCPS to limit the number of intervention programs sanctioned for use within the system. An un-thoughtful multiplication of such services will be of detriment to the core curriculum.

*Supplemental services* represent activities and programs to meet the specific needs of both students performing at grade level and high performing students.

### *Core Services*

When DCPS has completed the adoption of new standards and the corresponding curriculum frameworks, specific investments will be needed to support our *core services* to students. An investment of \$3M is needed to identify and vet state standards for all content areas, purchase curricula, and provide professional development and summer curriculum workshops for teachers.

As DCPS approaches the additional science requirements under NCLB (in 2005-06), critical steps must be taken to improve our science programs at all levels. Of the 104 elementary schools, 65 schools are in need of a science laboratory, plus basic materials for hands-on science activities that will better prepare students for the NCLB assessments. To adequately improve the science program at the secondary level, funding must be provided in two phases. Currently, 25 of our secondary schools do not have laboratories that meet National Science Association standards (despite the fact that students must earn one of their science credits in a laboratory course). In Phase I, we propose investing in all of those 65 elementary schools and 20 of those 25 secondary schools. An investment of \$6.2M is needed to meet the National Science Association standards in 85 schools.

Art and Music programs are essential to the development of the total student and should be available in every elementary, middle, junior high and high school. Presently, there are 77 schools without Art and/or

Music Programs. In addition to the staffing needs at these schools, start-up program funding is needed for furniture, equipment, materials, supplies and instruments. As graduation requirements in Art and Music are increased by a half credit, it is particularly necessary to increase staff allocations at the high school level. To afford this opportunity to all students and accommodate the increase in graduation requirements, an investment of \$13.1M is needed.

The ultimate goal in DC Public Schools is to graduate students with the knowledge and skills necessary to transition to post secondary education and the workplace. For those whose initial career objectives lie in the rapidly growing technical sector of the labor market, career and technical training programs must be provided that are aligned to career opportunities in the metropolitan area.

The Office of Career and Technology Education (CTE) has identified twelve academy program clusters that fit this need. The emphasis will be placed on program development, program expansion, and staff sustainability. Presently, CTE teachers are included as part of the Weighted Student Formula. When budget reductions are necessary, most often it is CTE teachers that are dismissed--often eliminating the entire program and negating earlier investment in that program.

For FY06, funding is requested for Printing Technology, Graphic Design, and Culinary Arts programs and the Health and Medical Sciences, Engineering and Manufacturing, and Transportation Academies. An investment of \$3.1M is needed.

The School Library Media Program provides instruction, resources, and services to assist students and teachers in becoming critical thinkers in the pursuit and use of knowledge and skills. With highly qualified professional personnel, supported by well-prepared technical and clerical staff and facilities conducive to learning, a School Library Media Program can provide all students and staff with equitable and timely access to the expanding universe of ideas and information and an instructional program that ensures both students and staff are effective

School Library Media Programs in the District of Columbia Public Schools are funded primarily with local school funds. Both the annual reports of library media specialists and surveys and other reports reflect wide disparities from school to school in the funds allocated for library media resources, ranging from \$0 to \$10,000 per year. At an average of \$25 per book, it would cost over \$3M to make up known item deficits system wide. Costs would be even greater to achieve equity in media and accompanying technologies.

An investment of \$13.5M will provide for the acquisition of the recommended basic resources for 150 schools, and provide a certified specialist for the 72 schools currently without a Library Media Program.

Approximately \$800,000 is lost each year due to misplaced or lost textbooks. There is no adequate data or data capture tool for the loss of library books and materials. Funds are requested to purchase an automated textbook/library management system for DCPS. This purchase will protect the investment in the Textbook Adoption Process, Classroom Library Process, and the newly-purchased school library books and materials. This investment and the new textbook alignment investment is \$7.2M.

## *Intervention Services*

Though this is a culture that is increasingly defined by standards and performance; the reality is that not every child comes to school with adequate readiness to meet those standards. Early warning systems that alert all concerned participants when a child's performance becomes problematic are vital. Among the warning systems being used are ongoing classroom assessment, instructional interventions early in the school years, and timely parent/guardian notification. Parents and guardians must be active partners in the education of their children. A major challenge is to ensure that the appropriate resources are in place to enable communities to assist students with the prevention strategies and innovative tools to address student education needs.

Toward this end, and to meet the requirements of No Child Left Behind (NCLB), intensive Reading and Mathematics programs must be identified and implemented as intervention services. These services will be used for students at risk of not meeting academic standards and schools at risk of not making Adequate Yearly Progress (AYP).

DCPS proposes to invest \$5.5M to supplement the After Care For All Program, to provide Reading and Mathematics services for students not eligible under the *entitlement requirement*. Other investments in this area include the hiring of 20 additional numeracy and literacy coaches, and the purchase of research-based intervention programs and activities in reading and mathematics.

Additional intervention strategies include the provision of services to those schools that are at risk of not meeting NCLB standards. Since 2001, the District of Columbia Public Schools (DCPS) has embraced a concept of transformation as a means of changing low-performing schools to high-performing schools. Under this model, 17 schools were identified as Transformation Schools and made eligible for targeted assistance in the areas of academic support, staffing, facility improvements, and security needs.

Under No Child Left Behind (NCLB) all children have the opportunity to obtain a high quality education and reach proficiency on challenging state academic standards and assessments. All schools receiving federal funds are required to make Adequate Yearly Progress (AYP), as defined by their State Educational Agency. In 2003-2004, 68 of the 156 district schools met AYP in reading and 82 met AYP in mathematics; 63 schools met both the reading and mathematics AYP criteria; 92 schools did not make AYP in either reading or mathematics. Overall, the number of schools classified as "In Need of Improvement" increased from 15 in 2003 to 71 in 2004. In FY 2006, we are seeking the investment of \$8.5M to support a School Improvement Initiative that is more closely aligned with NCLB standards. Therefore, there will be incentives and consequences for schools based on their performance against these standards. Schools will be differentiated according the following categories:

- 1) Incentives — any school achieving AYP in all academic or non-academic indicators in all subgroups will be provided incentive rewards and/or recognitions;
- 2) Targeted Assistance — any school failing to meet AYP in academic or non-academic indicators in any subgroup in year one will be eligible to receive support;

- 3) In Need of Improvement — any school failing to meet AYP in academic or non-academic indicators in any subgroup for two consecutive years will receive focused intervention;
- 4) Corrective Action — any school failing to meet AYP in academic or non-academic indicators in any subgroup for three consecutive years will be subject to any of the following: decreased management authority, appointment of an outside advisor, extended school days or year, restructured internal organization and/or replacement of relevant staff;
- 5) Restructuring — any school failing to meet AYP in academic or non-academic indicators in any subgroup for four or more consecutive years will be subject to any of the following: replacement of relevant staff, outsourcing of operations and leadership, state management, and/or other alternate governance structures.

Intervention services are needed at the high school level to assist students transitioning to high school for the first time. The implementation of a Summer Bridge Programs is proposed in order to address these needs. The four-week Summer Bridge Program be will required for all 8th and 9th grade students entering high school whose standardized mathematics and/or reading scores on the state assessment are less than proficient. In addition to bolstering reading, mathematics, and science The budget reaffirms our continuing commitment to improving student academic performance while exercising fiscal prudence and living within the parameters of the District's fiscal reality. The increases within this budget are intended to fulfill the clear need for change in this school system and are likewise designed to advance student achievement, address curriculum reform, make substantial headway into the area of facilities maintenance and repair, and target long-standing needs in the area of technology and innovation. We intend to advance these initiatives across a continuum from Pre-K through post-graduation in order to ensure that our students not only advance their present achievement but are prepared for higher learning and the world of work.

Critical to academic success is an environment that fosters civility, mutual respect and adherence to attendance and punctuality standards. During the Bridge Program, students will be provided daily orientations on these social and academic proprieties that enhance teaching and learning. Using the Bridge Programs at Bell Multicultural Senior High School and Banneker Senior High School as models, students will also devote quality time to learning about school organizations and activities designed to improve their personal growth and development.

Finally, rising 9th and 10th grade students who score proficient or above on the state assessment will be encouraged to participate in a one-week Bridge Program to learn how to succeed through leveraging resources at the high school level. We are seeking \$3.2M towards this investment.

### *Supplemental Services*

In keeping DCPS's promise to the District's children and their parents, the school system must honor the commitment to become the first choice for education in the District. Every student must have the opportunity to achieve at their highest level. DCPS must put in place a comprehensive set — carefully and consciously selected and targeted, mirroring best practices around the country — of **supplementary instructional services**, to meet the specific needs of both high performing students (advanced, gifted, and talented) and students who are on the grade level. Notable programs within



this category include: International Baccalaureate (IB); Dual Enrollment, Tech-Prep, Early College, and other accelerated transition options, Advanced Placement (AP) courses, the State Scholars Initiative, and, Summer Enrichment programs.

Offering Advanced Placement (AP) courses is a widely accepted indicator of a school's and a district's commitment to academic achievement. Similarly, completing one or more AP courses is an effective predictor of a student's future academic success. Three strategies in this area are proposed: 1) To establish an early identification program that will tap students with the aptitude for AP work at the elementary level; 2) To strengthen present AP courses and professional development opportunities for AP teachers; 3) To expand the number and variety of AP courses offered by DCPS, so that students have a wider range of choices as well as the opportunity to earn more AP credits. A modest amount of this request will be used for a phase-in over three years of a second International Baccalaureate (IB) Program. The total funding needed for supplemental services for expanding and enhancing AP programs is \$0.7M.

The *fourth step* in moving toward a high achieving educational and instructional system is to provide learning options for students and staff and raise our expectations for students.

*One size does not fit all in a learning community.* DCPS must provide options for students and staff that increase the learning time/days for students, and expand opportunities for professional development for staff. These options will include, but are not limited, to the following:

- Establishing a Saturday school program;
- Establishing a seminar series for students and staff on selected school holidays;
- Providing professional development options for staff one week prior to the start of school and five days after the school year ends.

Total funding needed for increasing learning options is \$11.7M.

Raising expectations of what students can accomplish is a first and most critical step in raising academic achievement. Graduates of DCPS must leave high school fully prepared to enter college and the workplace without remediation. This means that every student should complete a rigorous academic curriculum, based on system wide standards, and achieve passing scores on end-of-course exams and standards-based assessments.

Presently, too many of our students complete only three years of mathematics and science. For those entering college after graduation, sixteen months often have passed since the last taking of one of these courses. DCPS proposes a phased-in increase in graduation requirements from 23.5 to 27.5 credits. The increase will include the following:

- Increase of .5 to 1.0 credit in Art and Music
- Increase from 3 to 4 credits each in Mathematics and Science

With the ability of students to take selected courses in summer school for original credit, students will be able to manage these increases. Funding for these increases is \$2.8M.

## *Parental Partnerships*

A growing body of research indicates that families can assist in improving their children's academic performance. The inclusion of parental and community partnerships within an educational framework is an important strategy in reaching success towards progressive educational outcomes. A modest investment of \$5M is being sought to support this important endeavor.

According to the National Parent Teacher Association..."When parents have a part in making decisions that affect their children's education, they are more likely to feel empowered and important in their children's education. "Parents have to be a part of all the decisions made in the school," said National PTA board member Carolee Caplan, who serves on the PTA's Education Commission. "Parents' opinions and input are necessary...for them to be full partners."

DCPS plans to align all parent outreach staff and efforts under a new Office of Parent and Community Services. The new office would gather existing resources such as parent officers assigned to the Assistant Superintendents, parent support staff with the Office of Bilingual Education and the Office of Special Education, the Parent Call Center, and parent services such as residency verification, under a new and expanded office. In addition, the Parent and Family Resources Centers (PFRC). would establish effective and ongoing relationships with established parent information, outreach and advocacy programs such as the Advocates for Justice in Education, the federally funded special education parent information and training center, and Mary's Center, a Latino medical clinic and family support center.

A focal point of the new office would be the establishment of five community based Parent and Family Resources Centers (PFRC). Located throughout the city these PFRCs would bring services and outreach into the communities where our families live. These new PFRCs would consolidation points in the community to provide one-stop support for families on every aspect of education both for their children and as needed for parents themselves. The PFRC would provide community based parent training and would liaison with each District of Columbia Public School to help institute as well as expand parent programs in each DCPS school. The PFRCs would be based on the six national standards for parent involvement from the National Congress of PTAs:

**Standard I: Communicating** — Communication between home and school is regular two way and meaningful

**Standard II: Parenting** — Parenting skills are promoted and supported

**Standard III: Student Learning** — Parents play an integral role in assisting student learning

**Standard IV: Volunteering** — Parents are welcome in the school and their support and assistance is sought

**Standard V: School Decision Making and Advocacy** — Parents are full partners in the decisions that effect children and families

**Standard VI: Collaborating with Community** – Community resources are used to strengthen schools, families and student learning

### *Staffing and Professional Development*

If student achievement is to improve, every aspect of the educational enterprise must be upgraded. Raising standards means securing necessary levels of support from all stakeholders and harnessing all our human and physical resources to the overriding goal of raising the achievement of every child.

Our focus on performance and re-emphasis on standards has dramatically increased the level of accountability in our schools. The professional staff, as well as students, need opportunities to improve their instructional skills so they can help students achieve.

Using guidance from the SY 04–05 Board of Education Goals, one part of a comprehensive district wide instructional system is a unified focus on professional development, which centers on the implementation of our new curriculum, standards and assessment.

According to the National Staff Development Council, "the best strategy for improving teaching and learning is building the capacity of the school to function as a learning community in which professional development is job embedded and is supported by sufficient time and resources."

As a key to school system improvement, our state learning standards, curriculum, professional development, and acquisition of materials which includes instructional practices will be in alignment with board goals. Effective Professional Development Institute characteristics include:

- Connects to school wide goals
- Relates state assessments in the content area or academic content standards
- Uses data analysis, research-based and evidence-based instructional practices and assessments to meet NCLB standards
- Involves teachers as planners
- Provides choice and differentiated learning
- Uses demonstration, practice and feedback
- Provides ongoing assistance and supports
- Uses technology strategies in instruction
- Recruits, retains, and selects highly qualified teachers
- Provides methods of inclusion in the regular classroom
- Relates to special needs students
- Relates appropriateness to teaching assignment, relative to working with the parent
- Guides teachers through knowledge, application, and evaluation of best practices that support the eight key elements of NCLB

Additional funding for the recruitment of highly qualified teachers and principals would be used to enhance the current recruitment budget. Funds would be used to improve the DC Public Schools' marketing campaign, increase candidate resources and incentives and enhance the district's technology and capacity for recruitment. The additional investment of \$1.1M would be utilized to

support a range of recruitment efforts that include: signing bonuses for highly certified teachers, tuition assistance programs, mentoring programs and funding for additional classroom resources.

We are also seeking an additional \$1M in support to establish a Principal Leadership Program for Principals, Assistant Principals, LSRT members and central service staff to support of schools more effectively. We believe support of these initiatives will put us on the path toward progress in strengthening our educational workforce.

## Summary of Unfunded Educational Investments and Planned Implementation Phase

UNFUNDED INITIATIVE	PHASE I (FY'06)	PHASE II (FY'07)	PHASE III (FY'08)
Adopting First Class Standards	\$3.0 M		
Upgrading Science Facilities & Curriculum			\$6.2 M
Comprehensive Art & Music	\$4.5 M	\$4.3 M	\$4.3 M
Expanding Vocational Programs		\$3.1 M	
School Library & Media			\$13.5 M
Textbook Management	\$3.2 M	\$4.0 M	
Reading & Math Intervention	\$5.5 M		
Effective Schools Initiative	\$8.5 M		
Summer Bridge Program	\$3.2 M		
Advanced Placement & International Baccalaureate (IB)	\$0.7 M		
Extended Learning Opportunities		\$11.7 M	
Raising Graduation Requirements	\$2.8 M		
Parent/Family Resource Centers	\$5.0 M		
Teacher Recruitment	\$1.1 M		
Principal Leadership Academies	\$1.0 M		
Professional Development Institute		\$11.5 M	
<b><u>TOTAL</u></b>	<b><u>\$38.5 M</u></b>	<b><u>\$34.6 M</u></b>	<b><u>\$24.0 M</u></b>

The above chart indicates the total investment needed for our multi-phased strategy. The total request for Phase I implementation which would impact FY 2006 is \$38.5M. Funding for any of the above initiatives require baseline funding in the out-years for perpetuity of the programs. Therefore, a three to four year financial plan will be developed as part of a comprehensive educational agenda. These funding requests represent a down payment on moving toward a high achieving educational and instructional system, and keeping our promise to the District's children and their families.

## PERFORMANCE BASED BUDGETING

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The FY 2006 Budget Request represents the first Phase of the Board's implementation of a Performance Based Budget. While the Board adopted a Strategic Business plan in FY 2003, the Budget structure was not aligned to support the programs associated with the Business Plan. The proposed FY 2006 budget takes into account the programmatic structure and presents "what" we do versus "who" does what, leading to greater accountability and budget transparency.

Unlike in any previous year, the resource investments presented in this proposed budget are organized by program activities and services rather than the organizational design centering budget allotments around the results that are to be achieved. In this way, program investments and performance goals are clear and discernable as the District makes decisions on how to spend its dollars. The establishment of a performance based budget allows for greater accountability as we move towards becoming a performance driven system across all facets of operations.

### *Maximizing and Redirecting Internal Resources and External Partnerships*

In times of fiscal austerity, it is important that the school system develops enhanced ways to meet its operating requirements. The goals are clear as are the kind of financial investment that is needed to accomplish these goals. However, DCPS understands that it must be as efficient as possible in maximizing resources so that the District's educational agenda does not fall short of expectations. Therefore current programs that are not fully meeting our operational expectations or are not consistent with our current educational platform will be eliminated and the funding redirected. The Superintendent and the Board recognize the importance of performing the necessary review to ensure that funds are being spent wisely. As such, internal resources will be reinvested to support those important system wide initiatives that will be implemented. A more realistic budget has been developed that incorporates broader use of both internal and external funds. Below is a listing of such items that have selected for redirection to other uses:

Program	Amount to be Redirected	Impact Year
Strategic Sourcing Initiative	\$1.5 M	FY 2005-6
Contractual Eliminations/Reforms	\$TBD	FY 2005-6
Central Office Consolidations	\$.2 M	FY 2006
Maximization of Federal Funds	\$13 M	FY 2006
Relocation of Central Headquarters.	\$5 M	FY 2007
Payroll Audit	\$5 M	FY 2005-6
Reduction in Outside Legal Services	\$.7	FY 2006
Special Education Efficiencies	\$5.4 M	FY 2006
<b>GRAND TOTAL</b>	<b>\$30.8+ M</b>	

**Strategic Sourcing Initiative:** Under increasing pressure to reduce operating expenses, the Board has begun to analyze its procurement practices and has found that many of the fundamental benefits of e-procurement tie directly to changes in spending through consolidation, aggregated

purchasing and rationalization of suppliers. To this end, the Board is seeking to complete a Vendor Commodity Analysis to address these expenses.

This effort is not intended to only assess the overall Board procurement processes, but specifically to leverage the in-house executive consultant to make recommendations regarding savings that can be realized through better planning and smarter purchasing of goods and services for the school system and implement a selected portion of those recommendations during the current fiscal year (2005).

This strategic sourcing effort would be based on how the school system purchases commodities and services. While the initial focus has been geared towards generating immediate savings towards the current fiscal year budget, the long-term objectives include dramatic improvements to current purchasing processes that will allow the Board to realize increased savings, service and quality improvements.

A strong communications program is needed to educate the public about the extent to which this effort will affect how the DCPS school system purchases goods and services, from whom and when. For the most part, little to no standardization currently exists in the purchasing process. In many cases, this effort will drastically alter purchasing habits by establishing numerous product and service standardizations, as well as implementing new purchasing processes. It will require forethought and strict discipline by the entire system. By taking greater advantage of consolidated buying power, sizeable savings can be achieved in both the immediate and long-term future.

The project should focus on key commodity areas where purchasing is fragmented and high dollar spending exists. Initially target key areas would be targeted with the aim of identifying and enabling strategic purchases that can provide instant advantages in quality and cost effectiveness. While the project seeks to provide immediate financial relief, its efforts would continue on a long-term basis and will broaden in scope. It is expected that savings will be realized in the area of 5%-10% on the contracted prices that are currently in place.

**Contract Eliminations/Reforms:** Just as important as are the efforts to reform procurement practices, performance guidelines need to be established for the contractors who are selected to conduct business with DCPS. To date, a small group of contractors have been identified who are not meeting performance expectations or services are not in line with current strategies. This represents an on-going strategy that will allow DCPS to re-invest these contractual dollars into more relevant programmatic areas.

**Central Office Consolidations:** While Central offices in DCPS have been dramatically reduced in recent years, opportunities to eliminate redundancies in our organizational structure are still being reviewed. Central office restructuring efforts currently in place will result in savings up to \$200K that can be redirected towards additional instructional support.

**Maximization of Federal Funds:** As part of the system wide Strategic Planning efforts, opportunities to take advantage of other funding sources are being investigated. To this end, the school system will increase its efforts to maximize grant sources to relieve local budget pressures. A

significant component of the educational initiatives that DCPS plans to initiate will be largely supported by grant funding.

**Relocation of Central Headquarters:** Currently, DCPS expends approximately \$5-6 million a year for its leased space at 825 North Capitol. A relocation strategy is being developed that will allow for the better use of space inventory. Any savings realized from this relocation effort will be directed towards facility improvements at the local school level.

**Payroll Audit:** For many years, DCPS has struggled to produce accurate personnel and payroll information. In FY2005, DCPS, in collaboration with the Chief Financial Officer will undergo a comprehensive payroll audit.

**Reduction in Outside Legal Fees:** Over the last few fiscal years, DCPS has utilized a significant amount of funds for outside litigation for special education-related court cases, particularly in transportation. As a result of reforms currently underway, DCPS will reduce its use of outside counsel and funds will be redirected to support instructional allocations.

**Special Education Efficiencies:** The Office of Special Education currently spends nearly \$7 million annually to pay private companies to provide related services and testing for special education students and to conduct evaluations of students suspected of having special needs. OSE purchases these services because it does not employ enough providers to complete the work. Through a combination of recruitment efforts – bonuses, professional development opportunities and improved human resources coordination – OSE intends to hire staff and decrease its reliance on private providers. Such efforts should result in net savings of \$2 million, accounting for recruitment and training costs, bonuses or stipends and other inducements. In addition to cost savings, such a move will create greater accountability for the provision of timely and quality service. In addition, efforts will be made to increase special education compliance with court orders so that the funds used to support legal fees for parents can be reinvested in other areas.

As the proposed initiatives are discussed in the next sections, every effort will be made to seek opportunities for internal maximization and external partnerships. The educational agenda proposed for the District of Columbia Public Schools necessitates the use of collaborative partnerships with the private and public sector. This budget calls for a comprehensive alignment of all resources that support children in the district as they progress in and outside of the school system.